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FM AMEMBASSY BRASILIA
TO RUEHC/SECSTATE WASHDC 7488
INFO RUEHRI/AMCONSUL RIO DE JANEIRO 3415
RUEHRG/AMCONSUL RECIFE 5925
RUEHSO/AMCONSUL SAO PAULO 8704
RUEHBU/AMEMBASSY BUENOS AIRES 4433
RUEHAC/AMEMBASSY ASUNCION 5805
RUEHMN/AMEMBASSY MONTEVIDEO 6608
RUEHSG/AMEMBASSY SANTIAGO 5940
RUCPDO/USDOC WASHDC
RUEHRC/USDA WASHDC

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STATE PASS USTR - SCRONIN/MSULLIVAN
USDOC FOR 4332/ITA/MAC/WH/OLAC/MWARD
USDOC FOR 3134/ITA/USCS/OIO/WH/RD/SHUPKA
USTDA FOR AMCKINNEY
AID/W FOR LAC
USDA FOR FAS

E.O. 12958: N/A

TAGS: ETRD EAGR EIND BR

SUBJECT: EU DELEGATION SEEKS EMBASSY SUPPORT ON REGULATION OF
GENERIC AGROCHEMICALS

¶1. (U) Action Request - paragraph 3.

¶2. (SBU) On November 24, EU Econ Counselor Fabian Delcross contacted Emboff to enlist USG support in persuading the GOB to proceed with plans to tighten up current regulations governing the import of generic agrochemicals. According to Delcross, the national agricultural lobby (CNA) was seeking to get the Executive Office of President Lula to reverse course and water down the measure currently under review. Should this come to pass, Delcross argued, both European and U.S. chemical manufacturers would suffer as low-cost Asian generic manufacturers displaced us from the market and consumers might be subject to increased health risks from agricultural products imported from Brazil. Delcross suggested that the Embassy consider engaging in a joint approach with the EU Delegation and its Member States to the Brazilians, or, at a minimum, make a separate supportive demarche to the GOB on this issues. Emboff replied that prior to responding, he would first seek instructions from Washington.

¶3. (U) Action Request -- Embassy requests guidance on how to respond to the EU delegation suggestion.

¶4. (SBU) Delcross provided us with a copy of the following explanatory paper.

Begin Text

Registration and Sales License for Generic Agrochemicals in the Brazilian Market

Currently, Brazil's registration law for agrochemicals follows FAO guidelines and is comparable to the legislation of most developed countries, e.g., and the United States. The legislation is currently under review in order to include and allow the registration of technical and formulated generic products - the so called "similarity" rules. This is necessary to comply with the Mercosul agreements on the harmonization of registration in the region.

The revised version was discussed and a draft was agreed on after public consultation by the three ministers involved, Agriculture, Health, and Environment, which followed FAO criteria to ensure the

quality of any product, including generic products. It is now ready to be signed by the Presidency (Casa Civil), either as a draft law or as a medida provisoria [temporary measure].

Should the law enter into force in its current version, it would maintain fair competition in the market between R&D and generic companies and ensure that agricultural products exported to EU, USA and other more developed countries do not face restrictions due to residue of unknown substances.

However, due to the difficult situation agriculture and farmers have been facing over the past two seasons, several farmer associations and parliamentarians from the Agricultural Commission (both from the Senate and the Lower House), have put the Casa Civil under pressure to allow a more flexible registration law, centralizing the decisions on similarities only in the Ministry of Agriculture.

According to them, such a measure would allow farmers to buy products in the Mercosul region at much lower prices than those paid in Brazil at the order of 30-40% (which is doubtful). Should this happen, we anticipate a strong invasion of low quality and unknown agrochemicals entering the Brazilian market (without health and environmental profiles), especially those coming from Asian countries. For obvious reasons, this would affect the interest of EU companies.

A joint action might be appropriate to express concerns about a possible softening up of criteria for registration. Minister Dilma Rousseff (head of the Casa Civil) seems to be the right person to receive representations expressing the EU's interest in a pesticide-registration that follows international rules (FAO minimum standards).

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